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Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 STR-07 COME-00 TRSE-00 OMB-01
CTME-00 ITC-01 CIAE-00 INR-10 NSAE-00 INRE-00
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O 211622Z JUL 78
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC IMMEDIATE 1745

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E.O. 11652: NA
TAGS: ETRD, BL, GSP
SUBJ: BOLIVIAN PETITION FOR GSP TREATMENT FILED BY
ARTESANIAS TITICACA LTDA.

REF: STATE 165594, STATE 184014

1. THE FOLLOWING IS A COPY OF THE JULY 10 LETTER WHICH MRS. DAISY U. DE WENDE, GENERAL MANAGER OF ARTESANIAS TITICACA LTDA., LA PAZ SENT TO THE OFFICE OF SPECIAL TRADE REPRESENTATIVE FOR TRADE NEGOTIATIONS:

TO: EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE SPECIAL TRADE REPRESENTATIVE FOR
TRADE NEGOTIATIONS
1800 G. STREET N.W.
WASHINGTON, D.C. 20506

DEAR SIRS: --- IN REFERENCE TO YOUR JUNE 30, 1978 TELEGRAM DIRECTED TO THE AMERICAN EMBASSY OF LA PAZ, I AM PLEASED TO INFORM YOU THE FOLLOWING:

1. HOW GSP TREATMENT WOULD AFFECT DAISY DE WENDE'S BUSINESS

A) GSP TREATMENT WOULD ALLOW ARTESANIAS TITICACA LTD. TO
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ORGANIZE MORE PEOPLE AROUND THE HAND WORK PRODUCTION OF THE ABOVE MENTIONED ITEMS THUS EXPANDING WORK POSSIBILITIES IN ADDITIONAL RURAL AREAS OF THE COUNTRY WHERE THE RAW MATERIAL IS FOUND.

B) THE RESULTING INCREASED SALES WOULD ALLOW US TO PROMOTE MORE SALES AT INTERNATIONAL GIFT SHOWS AND FAIRS. IT

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WOULD ALSO HELP US DEVELOPING NEW APPLIQUE DESIGNS FOR
THE SAME ITEMS WITH WHICH WE COULD MAINTAIN THE DIFFERENT
MARKET INTEREST.

C) IT WOULD ALLOW US TO INVEST IN THE PURCHASE OF THE RAW
MATERIAL AND THE STOCKING OF THE FINISHED PRODUCTS FOR
EFFICIENT ATTENTION TO EXPORT ORDERS.

D) IT WOULD ALLOW OUR ORGANIZATION TO ORGANIZE A MORE STABLE
BUSINESS.

E) IT WOULD PERMIT OUR ORGANIZATION THE INVESTMENT IN PUBLICITY,
PRINTING OF CATALOGS AND BROCHURES AND TRAINING OF MORE
ARTISANS, IN VIEW OF A MORE STABLE BUSINESS.

F) SINCE BOLIVIA IS AN INLAND COUNTRY, ALL EXPORTS OF HANDI-
CRAFTS IS DONE BY AIR WHICH IS VERY EXPENSIVE. THE INCLUSION
OF THE REFERENCED ITEMS IN THE GSP WILL ALLOW OUR ORGANIZATION
AND THE ARTISANS A BETTER INCOME FOR OUR EFFORTS.

G) OUR ORGANIZATION, THROUGH FASHION SHOWS AND HANDICRAFTS
DISPLAYS IN IMPORTANT U.S. CENTERS (NEW YORK, MIAMI, SAN
FRANCISCO, LOS ANGELES, SAN JUAN, ETC.), HAS BEEN SHOWING
THE CULTURAL VALUES OF BOLIVIA TO STRENGTHEN THE UNDER-
STANDING AND FRIENDSHIP OF OUR TWO COUNTRIES TO DEVELOP A
MORE STABLE BUSINESS WITH THE U.S. GSP TREATMENT WILL ALLOW
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OUR ORGANIZATION TO CONTINUE PROMOTING BOLIVIA AND STRENGH-
TENING HER TIES WITH THE UMS. IN A MORE VIGOROUS WAY.

2. HOW WOULD SGP TREATMENT AFFECT PERSONS WORKING THE ARTICLES

A) THE ARTISANS MAKING THE PRODUCTS ARE PEOPLE LIVING IN THE
RURAL AREAS OF THE COUNTRY WHOM WE HAVE ORGANIZED AROUND THE
PRODUCTION OF THE ABOVE ITEMS AT THEIR OWN HOMES, AS
INDEPENDENT ENTREPRENEURS. THEY COUNT WITH THE ORDERS WE
OBTAIN FOR THEM FOR AN ADDITIONAL INCOME. THESE ARTISANS
ARE ON THE LOWER INCOME BRACKETS. CONSIDERING THAT THE
AVERAGE YEARLY INCOME PER PERSON IN BOLIVIA IS $US 258.-
THE INCOME OF OUR ARTISANS IS VERY LOW.

GSP TREATMENT WOULD ALLOW THESE PEOPLE TO RECEIVE CONTI-
NUOUS ORDERS ON A MORE STABLE BASIS. THIS WOULD SECURE A
STEADY INCOME WHICH IN TURN ALLOW THEM TO INVEST IN
ADDITIONAL HAND LOOMS, TOOLS, RAW MATERIAL ETC. ON THE
BASIS OF THEIR OWN SALES PROJECTIONS.

B) BOLIVIA IS ESSENTIALLY AN EXPORTER OF RAW MATERIALS; THERE
ARE HARDLY ANY INDUSTRIES IN THIS COUNTRY. THE FIRST

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FINISHED PRODUCTS EXPORTED BY BOLIVIA HAVE BEEN HANDICRAFT PRODUCTS. THEREFORE THE PERFECTING OF THE HANDICRAFT BUSINESS WILL PROVIDE ARTISANS WITH AN EXPERIENCE WHICH IS AN INTERMEDIATE AND GRADUAL STEP TO INDUSTRIALIZATION.

C) IF RURAL FAMILIES CAN OBTAIN FAIR INCOME STAYING IN THEIR PRESENT HABITAT IT WOULD STOP THEM FROM MIGRATING TO THE CITIES CAUSING UNDULY SOCIAL AND ECONOMIC PRESSURES IN THE URBAN CENTERS.

D) THE ARTISANS WHO PRODUCE HANDICRAFTS DO THEIR WORK IN A COTTAGE LIKE FASHION: IT IS A DOMESTIC PRODUCTION. THIS PRODUCTION SYSTEM AVOIDS THE ARTISAN FROM LEAVING HIS FAMILY AND THE CONTAMINATION CAUSED BY FACTORIES, AND
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PROVIDES EMPLOYMENT FOR ALL THE FAMILIES, ESPECIALLY ELDERLY PEOPLE AND ALL RELATIVES.

3. ACTUAL PRODUCTION AND PRODUCTION CAPACITY

IN THE MAKING OF THE ABOVE MENTIONED ITEMS, PEOPLE ARE INVOLVED IN THE FOLLOWING ACTIVITIES:

A) COUNTRY PEOPLE OR PEASANTS WHO RAISE THE SHEEP

B) MERCHANTS WHO BUY THE RAW WOOL FROM THE PEASANTS AND SELL IT AT THE TOWN MARKETS.

C) ARTISANS WHO CHANGE THE RAW WOOL INTO YARN ON THREAD.

D) ARTISANS WHO CONVERT THE YEARN INTO CLOTH.

E) ARTISANS WHO MAKE THE FINAL PRODUCT BY OBTAINING THE NECESSARY COLOURS THROUGH THE DYING OF THE CLOTH, THEN HAND CUT AND HAND SEW THE APPLIQUE DESIGNS THAT OUR ORGANIZATION PROVIDES THEM WITH.

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IT IS DIFFICULT TO DETERMINE THE EXACT NUMBER OF PERSONS
INVOLVED IN THE MAKING OF THE REFERENCED HANDICRAFTS.
THE PRESENT PRODUCTION AND EXPORTHC874 94&-,8"-589, 8
BASED ON THE WORK OF 40 FAMILIES WITH A PRODUCTION CAPACITY
OF 4 WALLHANGINGS AND 10 PILLOW COVERS PER DAY PER FAMILY.
THESE GROUPS REPRESENT ONE FOURTH OF THE AVAILABLE CAPACITY
OF TRAINED ARTISANS CAPABLE OF PRODUCING WALLHANGINGS AND
PILLOW COVERS.

IF GSP ACCEPTS TO INCLUDE THE ITEMS REQUESTED, EXISTING
WORKING CAPACITY WILL BE FULLY USED.

4. INFORMATION ON NUMBER AND WAGES OF EMPLOYEES

OUR ORGANIZATION DOES NOT EMPLOY THE ARTISANS WHO MAKE THE
WALLHANGINGS AND THE PILLOW COVERS. AS STATED BEFORE, THIS
IS COTTAGE TYPE OF ACTIVITY. THE ANFISAN AGREES TO AMKE THE
PRODUCTS AT HOME AND OUR ORGANIZATION HELPS THE ARTISAN TO
CALCULATE THE COST OF THE PRODUCT ON TOP OF WHICH IS ADDED A
20 TO 30 PERCENT NET PROFIT FOR THE ARTISAN. OUR ORGANIZA-
TION PROVIDES THE ARTISAN WITH THE DESIGN OF THE APPLIQUE AND A
FIRM ORDER. WHEN THE PRODUCT IS READY, OUR ORGANIZATION BUYS
FROM THE ARTISAN - CASH - THE PRODUCTION THAT WAS AGREED UPON;
THE ARTISANS USUALLY COMBINE THEIR AGRICULTURAL WORK WITH THE
PRODUCTION OF HANDICRAFTS DURING THE SLACK SEASON. OUR ORGAN-
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IZATION STOCKPILES HANDICRAFTS FROM JANUARY-JULY AND SELLS
(90 PERCENT) ITS PRODUCTS BETWEEN JULY AND NOVEMBER OF EACH
YEAR. ARTESANIAS TITICACA LTDA. FOB PRICE IS BASED ON THE
ARTISAN PRICE TO WHICH WE ADD 40 PERCENT AS OUR GROSS MARGIN.

5. PRESENT QUANTITY

PILLOW COVERS ARE PRODUCED IN TWO SIZES:
14" X 14" AND 18" X 18"
THE PRESENT PRODUCTION OF THE ABOVE PILLOW COVERS AMOUNT TO
AROUND 500 UNITS PER MONTH.

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WALLHANGINGS ARE PRODUCED IN THE FOLLOWING APPROXIMATE SIZES:
42" X 42"
20" X 59"
25" X 21"
25" X 27"
THE MONTHLY PRODUCTION OF THE ABOVE MENTIONED WALLHANGINGS IS AROUND 300 UNITS.

6. VALUE AND DISTRIBUTION OF SALES

THE FOLLOWING IS THE APPROXIMATE COST OF ONE UNIT OF WALL-HANGINGS 42" X 42"

	US$
COST OF ONE POUND OF RAW WOOL	1.50
HAND TWISTING AND WASHING THE WOOL	0.75
HAND WEAVING OF THE WOOL	1.50
HAND DYING-INCLUDING THE DYE	1.85
CUTTING AND SEWING THE APPLIQUE WORK	1.25

	6.85
30 PERCENT NET PROFIT FOR ARTISAN	2.05

	8.90

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BECAUSE OF HIGH CUSTOM'S DUTIES EXISTING TODAY IN THE U.S., WE ARE ONLY SELLING SMALL QUANTITIES DIRECTLY TO RETAIL STORES. IF THE GSP TREATMENT WOULD BE APPLIED TO THE WALLHANGINGS AND PILLOW COVERS, WHOLESALERS AND DISTRIBUTORS WOULD BE INTERESTED IN IMPORTING AND PROMOTING THESE PRODUCTS IN THE UNITED STATES.

FOLLOWING FOB PRICES LA PAZ:
PILLOW COVERS 14" X 14/ IS $US 4.05
18" X 18" IS $US 6.05
FOR WALLHANGINGS 42" X 42" IS $US 12.94
20" X 59" IS $US 12.94
25" X 21" IS $US 8.00
25" X 27" IS $US 8.00

6. WHAT IMPACT DUTY FREE TREATMENT WOULD HAVE ON ANY UMS. FIRM PRODUCING LIKE OR DIRECTLY COMPETITIVE PRODUCTS.

THERE IS ABSOLUTELY NO PRODUCTION IN THE UNITED STATES LIKE OR SIMILAR TO THE REFERRED ITEMS BECAUSE OF THE PRIMITIVE NATURE OF ITS PRODUCTION AND BECAUSE THEY ARE 100 PER CENT HAND PROCESSED.

HOPING YOU CONSIDER OUR PETITION FAVORABLY. -- SINCERELY YOURS -- DAISY U. DE WENDE, GENERAL MANAGER.

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2. PLEASE NOTE THAT THIS IS A COPY OF MRS. WENDE'S LETTER AND,
THEREFORE, CONTAINS SEVERAL GRAMMATICAL ERRORS.
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